



City of San Marcos

630 East Hopkins
San Marcos, TX 78666

Meeting Minutes City Council

Tuesday, December 3, 2019

3:00 PM

City Council Chambers

630 E. Hopkins - Work Session

I. Call To Order

With a quorum present, the work session meeting of the San Marcos City Council was called to order by Mayor Hughson at 3:03 p.m. Tuesday, December 3, 2019 in the City Council Chambers, 630 E. Hopkins, San Marcos, Texas 78666.

II. Roll Call

Present: 6 - Council Member Melissa Derrick, Mayor Jane Hughson, Mayor Pro Tem Ed Mihalkanin, Council Member Joca Marquez, Deputy Mayor Pro Tem Mark Rockeymoore and Council Member Maxfield Baker

Absent: 1 - Council Member Saul Gonzales

PRESENTATIONS

1. Receive a Staff presentation and hold discussion regarding the Hays Central Appraisal District's appraisal process, Tax Ceilings and Exemptions; and provide direction to the City Manager.

Laura Raven with Hays County Appraisal District provided a presentation and gave a brief explanation of who they are and what they do. She provided the appraisal calendar and reviewed the appraisal process. She stated that the Property Tax Code requires property be appraised at market value as of January 1st. The appraisal process starts with an inspection, the appraisal district receives information throughout the year about new improvements, and appraisers have designated field areas. When appraiser is in the field, they will validate size, type of improvements and note any additions, construction quality and condition of improvements and site characteristics. The appraisal district will determine the market value of the property using the three generally accepted methods of appraisal, if applicable:

- ☐ Sales comparison/market approach
- ☐ Cost approach
- ☐ Income approach

Because the appraisal district is valuing many properties annually, a mass

appraisal method is utilized. Mass appraisal determines values in where market areas, neighborhoods, subdivisions, and large groupings of similar properties are appraised at the same time. Ms. Raven explained why appraised values change year to year and stated that everyone has the right to protest before the appraisal review board.

Council held discussion and asked questions regarding apartment complexes and how they are appraised, market rate study and vacancy rated in San Marcos. Council would like to receive information regarding our current vacancy rate in the City. The appraisal district will get this information sent out.

Ms. Raven explained that the appraisal district only values the property and it is the tax rate that controls how much the property owner will pay.

Council asked for a report of how many successful protests there have been. Ms. Raven stated she will get this and forward to Council.

There was a brief discussion on accessory dwelling units and short term rentals and the affect they may have on their neighbors. If a house is purchased and rented out for higher value will this make the surrounding properties go up in value as well? Ms. Raven explained that these are still valued as homestead property if it is a homestead. If it is not a homestead, it may be an income producing property. She further explained that the highest and best use of a property is typically single family residential. However, in some instances highest and best use of property may be a multi-family or something other than single family.

Council thanked Ms. Raven for her presentation and Heather Hurlbert, Finance Director, resumed the presentation regarding the difference with tax ceilings and tax exemptions. She outlined the exemptions we currently have in the City which include 65 or older, disabled veteran, and 100% disabled. Ms. Hurlbert provided a case study assuming a tax ceiling was put in place for tax year 2014 and based on actual tax payer data. The results indicated that average home values increased 7% per year, average value growth increased taxes an average of \$53 annually, the 2017 voter approved increase would have required a 1 cent increase to produce the same amount of revenue if ceiling had been in place, and budget would have been reduced by \$513,000 if ceiling was in place.

Council was asked to consider some options regarding the increase to the over

65 year exemption, implement a homestead exemption or maintain current exemptions. Following discussion Council provided consensus to maintain current exemptions. Staff will send a chart of comparison to council so they can continue to review and they will do outreach to make sure property owners are aware of exemptions. Ms. Raven stated that all property owners whose property address and mailing address match but do not have a current exemption listed do receive exemption applications when appraised value letters are sent in April of each year. Ms. Hurlbert also stated the minimum tax exemption is 5K but can be in increments after that.

EXECUTIVE SESSION

2. Executive Session in accordance with the following Government Code Section(s):

A. Section § 551.071 - Consultation with Attorney: to receive a staff briefing and deliberate regarding Hays County Municipal Utility District No. 8., to receive a staff briefing and deliberate regarding Martindale ETJ Matters, and to receive a staff briefing and deliberate regarding Kyle ETJ Matters

B. Section § 551.087 - Economic Development: to receive a staff briefing and deliberate regarding Project Molly

C. Section § 551.072 - Real Property: acquisition of property in Downtown San Marcos for Public Use

A motion was made by Council Member Derrick, seconded by Mayor Pro Tem Mihalkanin, to enter into Executive Session at 4:34p.m. The motion carried by the following vote:

For: 6 - Council Member Derrick, Mayor Hughson, Mayor Pro Tem Mihalkanin, Council Member Marquez, Deputy Mayor Pro Tem Rockeymoore and Council Member Baker

Against: 0

Absent: 1 - Council Member Gonzales

III. Adjournment.

Mayor Hughson stated Executive Session concluded at 5:37 p.m.

A motion was made by Mayor Pro Tem Mihalkanin, seconded by Council Member Baker, to adjourn the work session meeting of the City Council at 5:39 p.m., Tuesday, December 3, 2019. The motion carried by the following vote:

For: 4 - Mayor Hughson, Mayor Pro Tem Mihalkanin, Deputy Mayor Pro Tem Rockeymoore and Council Member Baker

Against: 0

Absent: 3 - Council Member Gonzales, Council Member Derrick and Council Member Marquez

Tammy K. Cook, Interim City Clerk

Jane Hughson, Mayor